



Date: December 13, 2022

Honorable Mayor and Council Members:

Author and title: Denyelle Nishimori, Community Development Director

Title: Public Hearing regarding Submittal of Community Development Block Grant Program Income (CDBG-PI) Application

Approved By: _____ Jen Callaway, Town Manager

Recommended Action: That Council open the public hearing, accept comments on submittal of a Community Development Block Grant Program Income (CDBG-PI) Application for the benefit of Pacific Crest Commons located at 11300 Donner Way and 10079 State Route 89 South (APN 18-621-005 and 18-621-006) and adopt Resolution No. 2022-75 in support of this action.

Discussion: The State of California, Department of Housing and Community Development issued the 2022 Notice of Funding Availability (NOFA) for Community Development Grant funding. Applications for CDBG-PI Only applications are accepted under this NOFA. CDBG-PI results from previously lent CDBG funds being re-paid to the Town. CDBG requirements include that CDBG-PI will be expended by either inclusion in an open grant or submittal of a CDBG-PI Only application during the NOFA period. CDBG-PI may not be retained at the local level but must be committed to eligible CDBG activities that principally benefit low/moderate income persons.

On October 25, 2022, Council held the first of two required public hearings soliciting public comment and input for a CDBG-PI Only application. No public comment was received. The Town has, or anticipates receiving, by June 30, 2023, approximately \$187,820 of CDBG-PI funds (see the Fiscal Impact section for specifics).

Housing activities in support of new affordable housing is an eligible activity for CDBG PI funds. In consideration of qualified projects, staff contacted the two housing developers with new housing projects that would be eligible—Cascade Housing Association (Estates Meadows Residential Project, 30 senior housing units at 10020 Estates Drive) and The Pacific Companies (Pacific Crest Commons, 55 affordable multi-family housing units, 10079 State Route 89 South). Cascade Housing was appreciative for the consideration but declined due to the dollar amount versus the processing effort. The Pacific Companies, however, is familiar with Program Income applications and is interested in partnering with the Town should Council want to move forward with an application in their benefit.

The Pacific Crest Commons projects and developer, The Pacific Companies, were selected by the State of California, Department of Housing and Community Development to develop 55 new, affordable, multi-family, rental housing units on surplus State-owned land as part of the Governor's directive to increase State housing supply. The units will be deed restricted to persons at or below 80% area medium income for Nevada County for a period of no less than 55 years. The Council previously received an update on the project from the development team on January 11, 2022 and the Planning Commission on February 15, 2022.

If approved, the Town's CDBG-PI Only application would provide loan funds to the developer for activities in support of this new housing. The loan would meet CDBG requirements, being a deferred loan to be repaid to the Town as CDBG PI.

Summary: Staff recommends that Council adopt Resolution 2022-75, authorizing the submittal of a CDBG-PI Only application for the Pacific Crest Commons Development.

Priority:

<input type="checkbox"/> Enhanced Communication	<input type="checkbox"/> Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input type="checkbox"/> Core Service

Fiscal Impact: Amendment of Standard Agreement CDBG-CV-2-3-00095 with the State Department of Housing and Community Development (HCD) unencumbering CDBG PI in the amount of \$52,650 will enable the Town to make a CDBG-PI Only application in an amount up to \$187,820, using this amount and existing unencumbered CDBG PI. This action would enable the Town to use the CDBG PI funds for Pacific Crest Commons as described in this staff report. The \$187,820 total comes from \$106,820 of CDBG PI balance as of June 30, 2022, estimated bank interest through June 30, 2023, \$27,618 in payments to be received through June 30, 2023 (from the CDBG-funded rehab at the Senior Apartments) and \$52,560 from the CDBG CV 2/3 Micro Program.

Public Communication: Published notification in the Sierra Sun on December 2, 2022 and standard noticing of the agenda. Public comments can be submitted through the standard agenda posting: <https://portal.laserfiche.com/k4088/forms/tpYPx#!/>

Attachments:

1. Draft Town Council Resolution No. 2022-75